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Latest Reports On Australia's Wheat Surplus

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Storage and disposal problems continue to build up for Australian wheat—pictured here in a New South Wales field and being loaded for export at the Port of Fremantle. See story on page 7.

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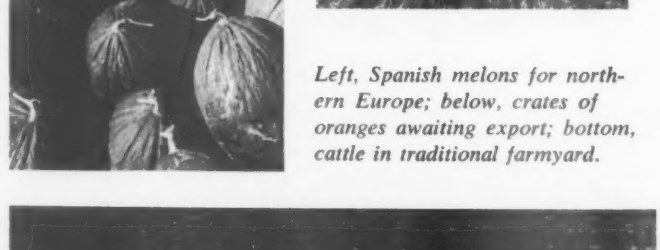
Above, hand harvesting wheat; left, hydraulic press for olive oil; below, rice in stooks.

Left, Spanish melons for northern Europe; below, crates of oranges awaiting export; bottom, cattle in traditional farmyard.



Spain: Pause in Its Rapid Growth in Agricultural Trade

By JAMES LOPES
Foreign Regional Analysis Division
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Spain's economy has undergone profound changes in recent years. Planned economic development and relaxation of trade controls since 1959 have transformed an agricultural and business backwater into a nation in the mainstream of trade. By fiscal year 1965-66 the value of total agricultural imports had soared to about US$778 million—more than double the 1960-62 average. Spain's farm exports for 1965-66 were worth $492 million—a marked advance over the levels in the early 1960's.

Spain gets growing pains

The rapid economic growth between 1960 and 1965-66, however, created inflationary pressures. The expansion in per capita income pushed demand for food, especially quality food, far above the amount Spain's own farmers could produce. The result was a galloping rise in the cost of living accompanied by wage hikes and a high level of agricultural and other imports. Because Spain's growth in exports did not keep pace with imports, the nation's trade gap (custom basis) widened to $2.3 billion in 1966. More than 40 percent of the country's total exports are agricultural products.

Large capital inflows and tourists' expenditures were not sufficient to offset the trade gap. In 1965 Spain experienced its first balance-of-payments deficit ($125 million) since its Stabilization Program of 1959; and by 1966 the deficit rose to $180 million. Despite significant improvement in 1967 in the balance of payments, Spain's gold and foreign currency reserves continued to diminish. This situation culminated in a series of austerity measures by the Spanish Government—devaluation of the peseta in late 1967, wage and price freezes, and efforts to increase exports while holding down imports.

The result has been an interruption, at least temporarily, in the rapid growth of agricultural trade. Total imports of agricultural products, at $686 million in 1967-68, were one-tenth less than the average during the preceding 2 years; and it appears doubtful that the 1967-68 level will be reached in 1968-69. Total agricultural exports in 1967-68, at $555 million, were slightly less than in 1966-67, and the outlook is for further decline in 1968-69.

Other factors contributing to this interruption in the upward trend in agricultural trade are, for imports, a more balanced agricultural production (particularly increased output of feedgrain and livestock products) and a decrease in domestic demand resulting from a slowdown in economic activity. Additional influences on exports were lower domestic production and increased competition in selling two basic agricultural products—citrus and olive oil.

Spain's decrease in imports is having an adverse effect on its major agricultural trading partners—such as the United States. The United States has long been Spain's chief supplier of agricultural products—one-fourth of Spain's purchases in 1967. Feedgrains and soybeans are the most important U.S. exports to Spain and together make up 80 percent of U.S. sales value. Other important items are tallow, tobacco, and hides and skins.

Grain production swings trade

Levels of Spain's imports and exports have been much affected by grain production trends. For example, in 1967-68 a large wheat crop meant an exportable wheat stock. The large 1968-69 feedgrain production means smaller feedgrain imports.

Spain had good grain crops in both 1967 and 1968. In 1967 the harvest totaled about 11 million metric tons, including a record wheat crop of 5.6 million tons. In 1968 the grain harvest was the best in Spain's history and was close to 12 million tons. Production of feedgrains, at 5.6 million tons, was over one-fourth larger than the good 1967 crop.

In fiscal year 1967-68 Spain's exports of grain (wheat, wheat flour, and rice) were worth $77 million—$50 million more than in the year before. Most of the increase was owing to the large wheat supplies from the 1967 harvest; $62 million worth of wheat and wheat flour were sold abroad.

Production of feedgrains, particularly barley, has been increasing rapidly in Spain and has helped to take the edge off import demand. After the good 1967 harvest, imports of feedgrains were down $51 million in 1967-68 compared with the fiscal year before.

Preliminary data indicate that feedgrain imports (chiefly corn) in 1968-69 may be less than 2 million tons—about one-fourth less than in the previous trade year. In 1967-68 Spain purchased 118,000 tons of foreign barley; but little, if any, barley will have to be imported in 1968-69. Another factor expected to decrease feedgrain purchases are a sharp rise in the use of wheat as animal feed and the temporary suspension of import licenses.

Shrinking wheat markets for Spain

Exports of wheat and wheat flour in 1968-69 are expected to be much below the 1967-68 level because several markets will be unavailable this season that were important to Spain last market year.

For example, Spain sold $7 million worth of wheat to Portugal in 1967-68; but in 1968 Portugal had a near record wheat crop, and wheat imports in 1968-69 are expected to be minor.

In 1967-68 Spain sold wheat worth $16 million to Argentina for possible resale to Brazil. Argentina had a very short wheat crop in 1967-68 and could not fulfill its commitments for exports to Brazil without buying extra wheat. Also, Argentina was trying to compensate Spain for its large imports of Argentinian beef. The 1968-69 Argentine wheat harvest, while below average, is, however, adequate for Argentina's commitments, and it is not likely Argentina will buy Spanish wheat.

Egypt and the Soviet Union were Spain's chief markets for wheat flour in 1967-68—$23 million worth, or 86 percent of all wheat flour exports. Spain's barter agreement with Egypt, signed in the second half of 1967, and shipment of Spanish wheat flour by the Soviet Union to Egypt were responsible for the large exports of wheat flour in 1967-68. The current commercial agreement between Spain and Egypt calls for exports by Spain of wheat flour worth $3 million; and prospects of Soviet purchases are dim.

Another grain that Spain traditionally sells abroad is rice. But increased production among Spain's usual rice customers and stiffer competition because of increased world rice supplies are dampening sales prospects. Spain's rice exports in 1968-69 are not likely to approach the $14 million worth shipped from the country in 1967-68.

Fruit, vegetable exports decline

Exports of fruits and vegetables in 1967-68 were $44 million less than in the preceding trade year, and the outlook for 1968-69 suggests no marked increase.

Sales in 1967-68 of Spain's citrus fruit—chiefly oranges and tangerines—were down sharply from the 1965-67 average, partly because of a reduction in demand owing to economic difficulties in Western Europe. Also, fresh citrus from Spain is encountering increased competition in its traditional Western European markets from Israel, Morocco, and Algeria.

Gains in sales are not expected for 1968-69. The 1968 citrus harvest in Spain is estimated at about 1.8 million metric tons—the lowest in recent years and nearly one-fifth below the 1967 harvest.

The value of vegetable exports for 1968-69 will probably be about the same as the reduced level in the previous marketing year because the austerity measures in both the United Kingdom and France, Spain's major customers, will prevent much increase in sales.

Greater olive oil supplies

The output of pressed olive oil, one of Spain's chief traditional exports, is estimated at 433,000 tons for 1968-69—or more than half again as large as the small 1967-68 production. Exports of oil in 1968-69 are expected to reflect larger supplies and partially recover from the rollercoaster $27 million slump from the marketing years 1966-67 to 1967-68.

SPAIN'S MAJOR AGRICULTURAL IMPORTS AND EXPORTS
1965-66 TO 1967-68

	1965-66	1966-67	1967-68
Imports:	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
Meat (fresh or frozen), dairy products, and eggs	133.0	86.4	101.1
Grains and preparations	220.4	223.9	172.9
Oilseeds, nuts, and kernels	68.9	106.5	114.7
Natural fibers	74.5	64.6	62.4
Animal and vegetable fats and oils	44.4	25.9	23.2
Protein cakes and meals	42.9	24.4	21.7
Others	193.8	211.0	189.7
Total	777.9	742.7	685.7
Exports:			
Grain (including rice)	10.3	26.4	76.5
Fruit and vegetables, including preparations	348.0	372.6	328.5
Beverages (mainly wine)	45.7	49.7	55.4
Fats and oils	35.8	64.9	37.8
Others	52.4	47.1	57.1
Total	492.2	560.7	555.3

Source: Organization for Economic Co-operation and Development trade statistics.

Other factors favoring increased oil exports are a sharp decrease in production in Italy, a chief importer of Spain's output and the recent 10-percent reduction in the EC's threshold price for olive oil.

However, Spain's prospects for large olive oil exports in 1968-69 are somewhat lessened by the large carryover stocks in Italy and increased competition from the production of Greece and Tunisia. Furthermore, increases in consumption of other oils—especially soybean oil—in Spain's traditional markets could dampen export possibilities.

Spain Increases Farm Trade With Communist Countries

Spanish trade in agricultural commodities with Eastern European countries, the Soviet Union, and Cuba is small but growing rapidly. Spain's agricultural imports from these countries in 1967 were US$56 million—more than double the 1960-63 average. Spain's agricultural exports in 1967 to the same group totaled $43 million—nearly three times the 1960-63 average. In 1967 the shares of these countries in Spain's total agricultural trade were about 8 percent for imports and 7 percent for exports.

During 1968 Spain's trade with Communist countries definitely took forward steps. Spain signed trade and payments agreements with Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, Yugoslavia, and Cuba. It did not reach any arrangement with the Soviet Union—apparently because the USSR is still holding gold deposited by the Spanish Government during the Civil War.

Agricultural commodities exported from Communist countries during 1968 to Spain were mostly beef from Poland and Romania. Each country shipped about 7,000 metric tons of beef, valued at approximately US$4 million, f.o.b. Other major import items were sugar from Cuba and timber. Spain's sales in 1968 to the group consisted chiefly of citrus fruits, wheat flour, rice, and nuts.

In the past Eastern European countries have taken more than two-thirds of Spain's agricultural exports to the group—but they have supplied less than one-third of Spain's imports from Communist countries. Cuba has been the chief seller—an average of $33 million each year during 1965-67. Its sales item was sugar.

The attraction of Communist countries as markets for Spain's farm goods is because of their potential owing to their rising living standards, not because of their large purchases at present.

A hindrance to increased flow of goods, however, may be Spanish dissatisfaction with the quality of certain purchases. For example, complaints are heard about the heavy marbling of Polish, Romanian, and Russian beef, about the low quality of a recent USSR shipment of milk powder that had to be diverted from human consumption to animal feed, and about Cuban cigars of inferior properties.

Some products that are controlled by the African marketing boards. Peanuts, left, being unloaded at Kaolack, Senegal; and Ivory Coast cocoa beans, above. (Picture courtesy Ivory Coast Information Service.)

How West Africa Markets Its Farm Products

By C. MILTON ANDERSON
Assistant U.S. Agricultural Attaché, Monrovia, Liberia

Until iron ore sales became important in Liberia and diamonds in Sierra Leone, agricultural products accounted for over 90 percent of the export earnings of four West African nations—the Ivory Coast, Senegal, Sierra Leone, and Liberia. More than nine out of every 10 people were—and still are—directly or indirectly engaged in agricultural production. And wide fluctuations in world market prices for primary products were often nearly disastrous to the economies of these countries.

This high dependence on vulnerable agricultural industries prompted the Government of Sierra Leone 26 years ago to take a direct interest in agricultural marketing. The other three West African governments followed suit in succeeding years, and today, this area has well-established systems for the stabilization and marketing of agricultural production.

It all started with the British

Up until World War II, the export produce trade of *Sierra Leone* was in the hands of private enterprise. But with the advent of war, Sierra Leone and the other former British West African countries became logical alternatives to Asia as British sources for oils and oilseeds. The United Kingdom established control arrangements and guaranteed stable producer prices there with the aim of encouraging higher production and creating a dependable supply line. Then, beginning in 1942, these responsibilities were turned over to the West African Produce Control Board, whose work also embraced Nigeria, Ghana, and The Gambia.

The West African Produce Control Board demonstrated during its existence the benefits of centralized marketing and guaranteed farmer prices. Thus, in 1949, the Government of Sierra Leone established by ordinance the Sierra Leone Produce Marketing Board to carry on and expand the work of the West African Produce Control Board.

During the first few years, the new Board's activities covered only palm kernels, palm oil, peanuts, benniseed (sesame), copra, coffee, and cocoa. Later, piassava, ginger, and kola nuts were added.

Today, the Board buys, processes, and sells produce—either locally or for export—making its purchases through licensed buying agents. These agents provide all services between the time of up-country purchase to delivery to ocean-going vessels or to the Board's stores in Freetown; they receive compensation at mutually agreed upon rates.

The Board fixes minimum prices that buying agents can pay producers in a given calendar or crop year. It also enforces quality standards—based on world market requirements—which are spelled out in the Native Produce Inspection rules. And it encourages improved quality by offering substantial price differentials for different qualities.

Export sales are handled through a subsidiary selling company in London. The London company, which also handles The Gambia's agricultural export crops, makes all arrangements with the shipping lines for freight space and acts as the Board's agent in London.

Coffee, cocoa regulated in Ivory Coast

The *Ivory Coast*—one of the countries most dependent on agriculture—closely regulates the marketing of its two lead-

ing crops, coffee and cocoa, which together account for about 50 percent of all agricultural export earnings. It also oversees the marketing of bananas, the third most important export, but does not play an active role. Other farm products are sold by private companies, with little regulation.

The Ivory Coast did not take an active interest in agricultural production until the mid-1950's, when increasing coffee production and declining prices became a problem. This led to the creation in 1955 of a price stabilization fund for coffee under the control of the Caisse de Stabilization, a quasi-governmental council composed of representatives of government and business. Minimum producer prices, the major purpose of the fund, were introduced in the 1956-57 season, and a separate fund for cocoa was established in 1959.

During the early years, the Coffee Price Stabilization Fund accumulated a substantial deficit, while the fund for cocoa accumulated a surplus; so on February 8, 1962, the two were merged. The new fund became known as the Caisse de Stabilization des Prix de Café et du Cocoa. When its responsibilities were increased to include other commodities, its name was further changed to Caisse de Stabilization et de Soutien des Prix des Productions Agricoles.

In principal, if the fund becomes too large or too small, producer prices are adjusted to reestablish the fund's level. The fund is also used to equalize returns to trading companies selling at different world market prices except in the case of coffee sales to the United States, which are negotiated by the Caisse itself.

At the beginning of each season, the government fixes minimum producer prices for coffee and cocoa. These prices can be adjusted during the year, although in actual practice they usually are maintained at the same level throughout a season. Prior to 1963-64, they varied from region to region in accordance with the distance of buying stations from Abidjan. Now, there is a single producer price.

Both coffee and cocoa are bought at village buying stations, which are under the direction of the Marketing Control Service branch of the Caisse but are run by the agents of some 20 large exporting firms. Some purchases are also made through intermediate traders acting as agents for the export firms. Such traders receive a set commission over and above costs, while the Caisse guarantees the price and exercises quality control.

Exporting firms provide their own transport arrangements from the production area to the port, but these costs are reimbursed by the Caisse. Unlike the typical marketing board, the Caisse does not prefinance the coffee and cocoa crop. Rather, its purpose is to control export sales in a manner that allows competition between exporters and at the same time provides operating funds. The Caisse takes into account prevailing world prices in establishing minimum acceptable offers and then invites bids for export sales up to the limit of an individual trading company's export quota, which is based on the company's share of total purchases.

Before being exported, processed coffee is again checked for quality by a second branch of the Caisse. In recent years, the Ivoirian Government has become very quality conscious and has tried to build a reputation of this nature.

Liberia's Produce Marketing Corporation

Prior to 1961, *Liberia's* agricultural exports of cocoa, coffee, palm kernels, and piassava were handled by a small number of private trading firms, but on April 20, 1961, the government passed an act authorizing the creation of the Produce Marketing Corporation. Under the act, the Corporation was charged with fostering and developing Liberia's agricultural exports and setting prices and standards for the purchase and sale of palm kernels, cocoa, palm oil, coffee, piassava, and other export crops. In addition, the Corporation was given first option on the exclusive handling and export of other produce from Liberia. It was also granted authority to provide technical, advisory, and supervisory services as required in the promotion of production and/or sales of commodities; these provisions have, however, been exercised only to a rather limited extent.

While the act authorizing creation of the Produce Marketing Corporation was passed early in 1961, the Board was not, in fact, created until November 20, 1962, when the government concluded an agreement with the East Asiatic Company —a trading firm with marketing facilities in all principal world markets for tropical and other products. Under the agreement, the Corporation was to be equally financed by the Liberian Government and East Asiatic, and each was allowed a 50-percent equity. Since the other trading companies at the time of this agreement had made forward sales, the Corporation's right to a monopoly operation was not exercised until these forward sales had been completed.

Prices paid by the Corporation are posted in advance at the beginning of each month and remain unchanged throughout the month. Produce is purchased by licensed buying agents scattered throughout the country and is then funneled through a small number of central buying stations located at strategic points. Purchases are also made at the Corporation's main office in the Freeport of Monrovia. In addition to exporting, the Corporation has imported rice from time to time, including that obtained under P.L. 480. The Corporation has often been credited with running one of the most efficient business operations in Liberia.

Peanuts spurred central marketing in Senegal

Last of the four West African nations to take an interest in marketing farm products was *Senegal*, whose one great export crop and principal source of income is peanuts. In fact, this country is the world's second largest exporter of peanuts after Nigeria and the fifth largest producer.

Up until 1961-62, peanut buying was in the hands of small, independent buyers in rural areas. In August of that year, the government established by decree the regulations, procedures, and delegations of responsibility regarding government participation in the marketing of agricultural products and the import and distribution of seeds and equipment. At that time, the Office de Commercialisation Agricole (OCA) assumed the dominant role in carrying out the government's decrees.

The OCA functioned in that capacity until the fall of 1967 when a new body was formed, the Office de la Commercialisation Agricole du Senegal (OCAS), which partially replaced the OCA. It assumed the functions of the rice import monopoly, and also took on the stockpiling and export of peanuts.

Remaining functions of the defunct OCA were merged with ONCAD (Office Nationale de Cooperation et d'Assistance pour le Développement). ONCAD was to concentrate its efforts on rural development work, including the distri-

bution of seeds, equipment, and fertilizers to farmers; supervising loans of the Development Bank; and peanut production improvements. All of these efforts were intended to make Senegalese peanuts competitive in the world markets at the termination in January 1968 of special French price considerations under the Yaoundé Convention.

OCAS does not purchase peanuts directly from producers but determines who may buy them. At the present, over 80 percent are purchased by local cooperatives at cash prices fixed before the start of the season. Where cooperatives do not operate, ONCAD acts as the authorized buyer. Both the cooperatives and ONCAD resell peanuts to OCAS at the price paid to farmers plus a fixed markup. The OCAS operates a number of collection sites through the country.

At the beginning of each crop year, OCAS determines as near as possible what the expected peanut harvest will be and on that basis makes an allocation between domestic and export sales. Sales to domestic peanut oil refineries have priority over export sales up to the limit of the quota set at the beginning of the season. OCAS is also responsible for establishing a schedule of deliveries at the beginning of the season for each of the refineries. During 1968-69, over 55 percent of the domestic crop will be sold to local refineries, with the balance consumed on farms as feed, seed, and waste or sold for export.

It is safe to assume that government regulation in these four countries will increase in the future rather than decline. In some cases, this increase will mean greater control over the commodities now regulated; in others, it will mean government control over additional commodities. The latter alternative, however, is not likely to occur unless the private marketing system fails to provide an equitable return to all segments of an industry or the commodity becomes of major importance to a national economy.

Further Notes on Australia's Wheat Surplus

On February 3 Foreign Agriculture *reported on the storage problems being caused by Australia's record wheat crop. An article on February 10 covered the sale of 82.1 million bushels of wheat to Mainland China, which eased the problems somewhat. Here, Fred M. Lege III, U.S. Agricultural Attaché in Canberra, brings the Australian wheat picture up to date. In the succeeding article he covers the 1968 rice and oats crops—also records.*

Early February estimates of Australia's 1968-69 wheat crop set production at about 533.5 million bushels (an alltime record), 8.5 million higher than the previous estimate. The crop will be 257 million bushels larger than the drought-affected 1967-68 crop and 67 million bushels more than the previous record crop harvested in 1966-67. Weather conditions during the harvesting period have generally been excellent, and the crop is being taken off in record time. Deliveries to Australian Wheat Board storages at the end of December were nearly twice as large as those of a year ago and were a record for this stage of the season. Overall quality of the crop appears to be good, although fairly large quantities of off-grade wheat were harvested in New South Wales and Western Australia as a result of late frost damage and wet conditions. Premium hard wheat production is estimated at about 60 million bushels, a new record.

With anticipated deliveries to the Australian Wheat Board of about 497.3 million bushels, and December 1 carryover of 51.4 million, total marketable supplies for the 1969 marketing year will amount to 548.7 million bushels. Disposal of the crop has become a burdensome problem for the Australians now that it is apparent that normal outlets—domestic use, export sales, storage, and donations—are not adequately taking care of the wheat.

Total domestic requirements are likely to approximate 94 million bushels, based on the assumption that demand for wheat as commercial stockfeed this year will be somewhat lower than in 1968. This would leave about 455 million bushels for export sales and carryover.

Disposal through exports

Under present world supply and demand conditions it appears unlikely that Australia will be able to surpass the record 315 million bushels it exported as wheat or flour in 1967. In fact, sales during the 1969 season are expected to total only about 280 million, including the recently negotiated contract with Mainland China.

SUPPLY AND DISTRIBUTION OF AUSTRALIAN WHEAT

Item	Dec.-Nov. 1966-67	Dec.-Nov. 1967-68	Dec.-Nov. 1968-69 [1]
	Million bushels	*Million bushels*	*Million bushels*
Supply:			
Beginning stocks (Dec. 1)	17	80	[2] 51
Production	467	277	534
Total	484	357	585
Distribution:			
Domestic use	88	98	93
Exports	316	208	281
Ending stocks (Nov. 30)	80	51	211
Total	484	357	585

[1] Forecast. [2] Stocks include flour at mills as wheat but excludes farm stocks.

With record supplies of wheat available, the Australian Wheat Board is expected to make strong efforts to maximize sales. The contract negotiated with Mainland China, provided that the 10-percent additional option is taken, will likely move out about 90.3 million bushels. Recent sales in Latin America, such as those to Chile and Peru, will probably account for a further 8.5 million bushels. Traditional sales to Western Europe are expected to reach about 900,000 tons or 33.5 million bushels, and the Board hopes to make sales to Japan reach the 1-million-ton mark (37.3 mil bu.) this season. Other markets, including those for flour, are expected to account for a further 100 million bushels. These include Malaysia, Singapore, Hong Kong, and Ceylon, which recently bought 60,000 tons of flour and 50,000 tons (1.9 million bu.) of wheat.

Some more of the wheat will move out as donations to developing countries. A total of $A13 million in wheat (8.4 million bu.) will be given this fiscal year, including 2.6 million bushels to India, 933,000 to Pakistan, 373,000 to Afghanistan, 373,000 to South Korea, 523,000 to Fiji, 480,000 of flour equivalent to Ceylon, and 160,000 of wheat in flour equivalent to UNICEF for refugees in Nigeria. In addition, Indonesia was given 2 million bushels of wheat (equivalent in flour),

some of which has already been delivered by Australia.

While discussions on the various proposals are going on, the time to prepare for the 1969-70 crop is moving steadily closer. It is clear that the much talked about acreage restrictions could not be introduced in time to affect the next crop. It now appears likely that this year at least a million additional acres will be planted to wheat.

Suggested quota plan

Secretary of the Australian Wheat Growers' Federation Tom Scott has been a prominent spokesman on the subject of acreage cutbacks and has envisioned a quota plan. His plan would be to restrict production to about 330 million bushels a year by introducing a quota system for all growers based on their average production over the previous 7 years. Under the plan, the first advance on quota wheat would remain unchanged at $A1.10 per bushel, but there would be no first advance on nonquota wheat. It was also suggested that nonquota wheat would only be received into the silo system after all quota wheat had been taken in and sales of nonquota wheat would be made only after all wheat which came under the quota had been sold.

The feasibility of the plan from an economical and political point of view is questionable. The geographic spread of various types of wheat is such that the plan would preclude adequate adjustment to changes in demand. At the present time Australia is in a position to sell all the prime hard wheat it can produce. Marketing authorities would prefer to see a scaling down of soft wheat production in the southern States, and an expansion of prime hard wheat production in northern New South Wales and Queensland.

A movement in this direction would run head on to protests already being expressed at the shortage of soft-type wheats. Australian bakers—who use about 3 million bushels of their country's soft wheat a year—are complaining because supplies are dwindling each year. This has occurred mainly because farmers have been encouraged to grow high-yielding crops, and few of the softer wheat varieties are high yielding.

Farmers diversify to feedgrains

An alternative to acreage cutbacks is diversification away from wheat to other cereal grains, a campaign already underway with some measure of success. Estimates for the current season show production of barley at 75 million bushels compared with 35 million last year and oats at 82 million compared with 39 million last year. The Tablelands of New South Wales, where wheat acreage has vastly expanded in recent years, would be an obvious new area for expanded oat growing. Any drop in the wheat price, along with encouragement to oat growers, could lead to big expansion in oats.

Some Australian wheat industry authorities appear to place their faith in another drought to solve the problem of wheat oversupply. This is of course a possibility, but long-term weather forecasts seem to point to another good season during the coming winter and spring. If conditions are favorable, a new record crop may be harvested in 1969-70.

Australia Harvests Record Rice and Oats Crops

The 1968 harvest in Australia produced record crops of rice and oats, both of which will be seen in greater quantities on the world market as a result.

The rice crop hit a peak for the seventh consecutive year. A world high average yield of 2.87 tons per acre from 75,688 acres brought the harvest to over 217,000 long tons. Yields in excess of 3.5 tons per acre—some as high as 4.1 tons—have been reported, and agronomists are talking of a level as high as 5 tons in the future.

The Ricegrowers' Cooperative Mills is predicting future increases in rice output over the next eight harvests to a level of 358,000 tons. To handle the expected increases, Australia will have to invest almost US$10 million in milling and storage facilities by 1972.

The projected increases in rice production assume that acreage will expand in the Coleambally and Murray Valley Irrigation Areas, in the latter by 4,000 acres annually until 1973. Excluded entirely from the projection is the infant rice-growing industry on the Burdekin River in Queensland. This area is expected to produce 4,000 tons in 1969, its second year of commercial production.

Oats production in 1968 is currently being estimated at 109.7 million bushels compared with a 1967 crop of just 39.6 million.

Although 1968 acreage was up some to 4.2 million acres from 3.4 million the previous year, the record crop was the result chiefly of good weather that brought exceptionally high yields and favorable pasture conditions. The latter, in turn, permitted farmers to grow for grain much of the crop that is normally grazed out. Some authorities believe that the current estimate may even be a bit conservative.

Although much of the oats crop will be retained on farms to restore feed reserves exhausted by the recent drought, a substantial volume will be available for export, some of it in competition with U.S. feedgrains. Marketing authorities have been actively pursuing overseas business, and total shipments are expected to go well over 20 million bushels, possibly as high as 30 million.

Already, the two largest shipments of oats ever to leave Australia—32,000 tons and 30,000 tons—have headed for Western Europe. A third shipment of 16,000 tons went to Japan. This was the first full cargo of oats ever imported into Japan, which in the past has taken only small cargoes of 200 to 400 tons for feeding race horses. Australian authorities look upon the shipment to Japan as the beginning of a continued business.

Yugoslavs Sell Cattle Again

The foot-and-mouth disease outbreak in Yugoslavia that began in October 1968 has been controlled. Yugoslav officials have announced that spread of the disease has been halted, and exports have been resumed to all regular customers except Malta. Countries that had banned imports of Yugoslav livestock or fresh meat during the outbreak but that have now resumed trade are Italy, Austria, Switzerland, West Germany, France, the United Kingdom, and the Netherlands.

Yugoslav efforts to contain and eradicate foot-and-mouth disease were vigorous. Thousands of hogs, cattle, and sheep were vaccinated, and some were slaughtered. Until the disease was under control, movement of livestock or livestock products within or out of infected areas was prohibited.

Brazil's Fertilizer Use Takes Giant Steps

By SHACKFORD PITCHER
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More and more Brazilian farmers are learning that fertilizer can increase crop profits—and more and more Brazilian farmers are buying fertilizer. According to trade reports, about 445,000 metric tons of plant nutrients contained in fertilizers were applied to land in 1967. Because from 60 to 70 percent of most fertilizers are nutrient carriers rather than nutrient, the quantity of fertilizer applied to land was probably considerably over 1 million tons. The 1967 figure was almost 60 percent greater than the fertilizer quantity applied in 1966. Volume in 1968 was about 25 percent more than in 1967. During 1969 fertilizer applications are expected to climb another 10 percent.

But in spite of recent advances in fertilizer use, only a small proportion of the arable land in Brazil receives fertilizer. As in many other tropical and semitropical countries, high temperatures, concentrated seasonal rainfall, and intensive cultivation have promoted leaching of many Brazilian soils of adequate amounts of certain essential nutrients needed for plant growth and health. Most Brazilian farms would benefit from fertilizer use.

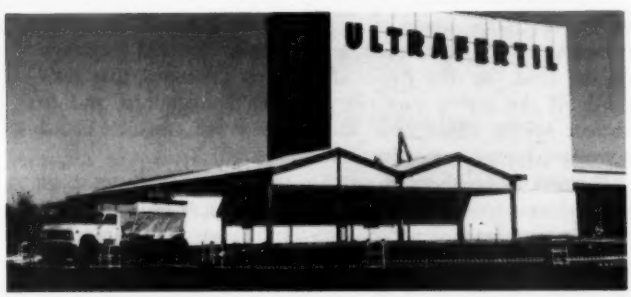
Cropland for agricultural export commodities, such as coffee, cotton, and sugar, gets the bulk of fertilizer tonnage. Small quantities go to land used for vegetables, potatoes, grain, and pasture. Traditionally, most applications are made in three of the four southern states (São Paulo, Paraná, and Rio Grande do Sul). Estimates are that during 1967 about 72 percent of fertilizer used was applied in São Paulo, northwestern Paraná, and the southern and western tips of Minas Gerais. Another 19 percent was expended in Rio Grande do Sul and Santa Catarina. Only 9 percent was used in northeastern Brazil.

São Paulo has been cultivated longer than most parts of Brazil, and in many localities soil fertility is now low. Even the livestock carrying capacity of rangeland deteriorates without the use of fertilizers. In Paraná much of the land is quite new to cultivation and is extremely fertile at present. But Paraná farmers will have to expand their use of fertilizers if they do not want their soils to be depleted like those in São Paulo. In northeast Brazil cotton is a main cash crop, and the same fields have been planted year after year. For many years cotton yields have been declining. Adequate use of fertilizers is one of the chief necessities to improve the agriculture of this economically depressed large area.

Fertilizer manufacture and supply

At present, Brazil uses far more of the "big three" fertilizer ingredients—nitrogen, phosphorus, and potassium—than it has facilities to process into fertilizer.

Left, agronomist employed by fertilizer company consults with Brazilian farmer; below, fertilizer distribution center at Casa Branca, São Paulo; bottom, a bulk spreader truck applies fertilizer to prepared field.



In 1967 trade sources estimated that about 37 percent of the phosphate fertilizer used that year in Brazil was processed in the country, about 7.5 percent of the nitrogen fertilizer, and none of the potash. Fertilizers were imported from a variety of countries, but the United States was the major supplier.

Incoming fertilizer during the months of August to November sometimes ties up available facilities at Santos (near the city of São Paulo), the biggest port in Brazil. Frequently ships carrying fertilizer must wait several days to unload. Congestion was very heavy in 1968 because of increased incoming volume, and some ships waited as long as several weeks to discharge their cargoes. Such delays not only cripple fast distribution of fertilizers to farmers but also add to the cost.

Brazil is on the road to supplying a much larger proportion of its own fertilizer needs. Two plants for the manufacture of nitrogen fertilizer are under construction. One near Santos is to have a capacity of 120,000 tons per year, and another in Bahia is to have an output of 30,000 tons per year when in full production. In both of these plants nitrogen will be extracted from the air (which is almost 80 percent nitrogen gas) and combined with hydrocarbon chemicals derived from natural gas or petroleum in order to produce ammonia-type nitrogen fertilizers.

Brazil has large known reserves of phosphate rock, and it is only a matter of time before the country becomes self-sufficient in the manufacture of phosphate fertilizers. Although potash fertilizer at present is entirely imported, promising localities with deposits of various potassium minerals are being investigated in northern Brazil, and feasibility studies are being made to determine if some of the minerals can be exploited profitably as raw material for the manufacture of potash fertilizers.

Limestone—the acidity corrective

The soils of most of Brazil's arable land are so acidic that yields of major crops are seriously reduced. The most common method of correction is to spread crushed limestone on the land. In São Paulo alone, it is estimated that two-thirds of the arable land requires such applications, and to correct acidity throughout São Paulo would require about 6 million metric tons of crushed limestone.

Farmers in southern Brazil are becoming more aware of the problems of soil acidity and are using increased quantities of limestone in conjunction with stepped-up fertilizer applications. São Paulo's consumption of agricultural limestone for 1967 was estimated at 440,000 metric tons (25 percent more than in 1966).

A major hindrance to increased limestone use in the western halves of such major agricultural areas as São Paulo, Paraná, and Rio Grande do Sul is the absence of known local deposits. Limestone must be transported long distances to such areas, and its hauling costs often are greater than its original price at the crushing mill.

Fertilizer distribution

Brazil is a big country, and one of its problems is moving fertilizer long distances from the port or manufacturing plant to the farmer. Cultivators of small farms have been particularly affected. In the past they have seldom been able to travel to the few cities and plants where fertilizers were available and then transport purchased fertilizer back to their farms. In most agricultural areas there have been few fertilizer outlets.

Coffee and sugarcane farmers traditionally belonged to cooperatives and were in a better position. Such cooperatives often imported fertilizer directly and distributed it to their members. Many vegetable and potato farmers also belonged to agricultural cooperatives that supplied their members with fertilizer.

Fertilizer handling and distribution in the major consuming areas have improved substantially in the past few years. One large fertilizer company installed distribution centers and mixing plants in major agricultural zones. At each distribution center trained agronomists are available who can take soil samples, make tissue tests, and advise farmers about which fertilizer mix to use and in what quantity. Each center also maintains vehicles for getting its specialists and fertilizer to the farmer's land. Other major companies dealing in fertilizer are starting to duplicate this distribution system so that they also can increase their sales in the expanding market.

Financial aids to farmers

Both local and national government agencies in Brazil have set up programs to help the Brazilian farmer obtain fertilizer and limestone. The biggest program, FUNFERTIL, was begun in 1966 by the Brazilian Government. It enables a farmer to pay for fertilizer 45 days after harvest at the same price he would have paid in cash on the date of delivery. The financing charges are paid by the government. Because local interest rates are high—as much as 3 to 4 percent a month for short-term commercial credit—FUNFERTIL has resulted in considerable savings for farmers and has pushed fertilizer use by smallholders. Several crops, including such commercial ones as coffee and sugarcane, are excluded from the program.

In mid-1968 the São Paulo Department of Agriculture initiated a campaign to encourage farmers to use more crushed limestone. The campaign includes educational programs plus schemes for helping farmers to finance purchases of agricultural limestone. A São Paulo farmer can obtain a loan of as much as US$1,300 from local government funds provided that he uses the limestone under the supervision of the nearest farm extension agent. The interest rate on the loan is 12 percent a year, or about half the normal bank rate. So far, however, government assistance is not available to finance storage or transportation.

New EC Levies on Pork

The European Community's (EC) Commission has announced an adjustment of minimum import prices and levies for pork for the period from February 1 through April 30, 1969. On imports of pork and live hogs to the Common Market from third countries, levies have been increased 10 percent—but minimum import prices have been lowered. In conjunction, these changes result in a slight increase in market protection by EC countries. The action was taken because lower feedgrain prices within the Common Market will probably result in greater pork production. In 1968 the United States exported about 8 million pounds of pork and pork offals to EC countries.

Milan Food Show Interests Buyers

Warm interest in what the U.S. food industry has to offer characterized the many members of the Italian food industry who visited the U.S. Trade Center at Milan for the 6-day U.S. Grocery and Institutional Food Show earlier this year. The present feeling of participating firms is that this fourth show of the series may have hit pay dirt. Sales in the offing, as direct results of contacts made there, include possibly up to a million pounds of poultry products; half a million pounds of popcorn; 100,000 pounds of fishery products and a like amount of slaughtered lamb; half a million pounds of institutional-packed dishes (precooked, frozen, ready to serve). Fresh and frozen vegetables, fruits, and juices like those displayed may also turn up eventually on Italian supermarket shelves during periods when similar Italian products are not on the market.

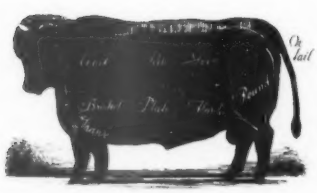
Of special interest to press and trade was a seminar on frozen foods. Here, before more than 90 chefs and industry people, U.S. and Italian experts exchanged notes, stressing the usefulness of these foods in mass feeding.

Below, callers discuss canned fruit, cranberry products, and gourmet soups with Italian agent for U.S. firms.

Above, display of fruits and vegetables shipped by air arouses admiration. Top, agent of firm that imports many U.S. items attracts reception guests with frozen foods she has reheated. The verdict, "Gustosissimo!"—very tasty!

U.S. Steaks Now a Fixture for Top Swedish Restaurant Chain

Beefsteaks from America had a special showing for Swedish gourmets last fall during the American Food Exhibit at Stockholm's St. Erik's Fair. For the exhibit period, diners at the four restaurants of the famous Operakällaren chain could order from a special menu featuring U.S. steaks. This went over so well that these restaurants now offer the menu regularly. Stolid animal at left is on the menu's cover; below, how to order steaks in four languages.



AMERIKANSKT

OXKÖTT

CHOICE CUTS OF BEEF IMPORTED FROM U.S.A.

Beställ den grad av genomstekning Ni önskar!
Please order your meat done to your wish!
Veuillez commander votre viande cuite à votre gâut!
Bestellen Sie bitte Ihr Fleisch wie Sie es wünschen!

①	②	③	④	⑤
Rå inuti	**Blodig**	**Röd**	**Ganska välstekt**	**Välstekt**
Raw inside	*Rare*	*Medium rare*	*Rather well done*	*Well done*
Bleu	*Saignant*	*A point*	*Assez bien cuit*	*Bien cuit*
Roh in der Mitte	*Blutig*	*Leicht rosa*	*Fast durch*	*Durch*

New Paris Wholesale Market Celebrates Grand Opening

Last week a large segment of the French wholesale food trade moved into the new Rungis market outside Paris, an event dampened only by the simultaneous closing of the historic, if chaotic, Les Halles Centrales downtown in the capital city. The move was a major step toward a national marketing network that will link 25 French cities and include new, modern facilities for the wholesale meat and meat products trade at La Villette in Paris.

The decision to revamp wholesale food marketing in France goes back to 1940 when, in recognition that the efficiency of Les Halles was not growing with the population of Paris, a group was sent to the United States to study wholesale marketing methods. As a result of the group's report, the national marketing system now known as *Marchés d'Intérêt National* was conceived. New markets in the 25 cities will be connected by telex, will be linked to the national road and rail systems, and will be equipped with packing, storage, and auction facilities. (For further background on the new markets and the old, see *Foreign Agriculture*, Sept. 11, 1967.)

Today, Rungis serves a population of approximately 8 million. By 1990 it is anticipated that this market will serve between 11 million and 14 million.

Optimum location

Located 7½ miles south of Paris, Rungis covers about 490 acres and is slated to handle approximately 20 percent of the perishable foods—fruits, vegetables, dairy products, seafood, and horticultural products—marketed in France. It lies next to the major highway to southern France, a strategic location since it has been estimated that some 70 percent of the fruits and vegetables entering the Paris market come from south of the capital. It is also near Orly Airport, through which an increasing volume of perishables is expected to enter the Paris area. Architecturally, the market is functional, and access to all points within is easy.

Rungis is essentially reserved for buyers, sellers, and other people with pertinent business to transact. Others have to obtain special passes to enter.

The most important part of the market will be the fruit and vegetable area, which alone covers 2.3 million square feet. This area contains nine large pavilions, each surrounded by access roads, plus four smaller pavilions and a separate trading area for supermarket and other sales involving large quantities. Offices for representatives of the national railroad and French customs as well as a section where individual farmers can bring their commodities for sale are also in this area.

The area for dairy products covers 890,000 square feet containing four large pavilions for big wholesalers and buyers and six smaller pavilions where smaller purchases can be made. The basements of the larger pavilions contain cold-storage facilities.

One large pavilion covering 370,000 square feet is devoted to seafood; designers have attempted to give this pavilion an air of oceanic activity. A horticultural section, mainly for plants and cut flowers, covers 350,000 square feet.

Railroad, storage facilities

Railroad facilities are slated to handle 500 wagons per day in an area of about 2.6 million square feet with 1.5 million feet of track. There is also a general unloading area of about 81,000 square feet, including a sales floor and two offices. Constructed in the form of an H, this area has both rail and truck loading and unloading facilities.

Public cold storage facilities total 3.2 million cubic feet, of which 460,000 have been available since last summer. The temperature of these ranges between —22°F. and 39°F.

The administrative center of Rungis includes an oval, 11-floor office building, a second building in which importers and exporters can rent office space, 17 banks, and facilities for veterinary inspection, food inspection, and information distribution. The latter include an electronic data processing center for statistical compilation of market data and large boards to flash the daily tonnage arrivals and the quantities available for sale. Initially, the market will contain about 3,000 telephone lines, 240 telexes, and a closed-circuit television with outlets in key points of the market.

The market also includes 22 snack bars or *bistros* ranging in motif from Western to London pub. Eventually, it will also contain parks and other leisure-time facilities for employees and, to a limited extent, for the public.

Rungis will provide fulltime employment for some 40,000 people, either in the market itself or in connection with it.

To handle the increased transportation problems associated with the new market, France plans to build additional highways, rail lines, and metro lines.

The meat market

La Villette, in the northeast corner of Paris, is slated for completion some time next year. It will bring together all segments of the wholesale meat trade, formerly divided between slaughtering operations at the old La Villette and marketing at Les Halles. Whereas the old La Villette comprised 200 slaughterhouses, the new one will have only one huge, fully mechanized slaughterhouse with marketing facilities nearby.

The decision to locate La Villette in Paris stemmed from several factors. The site was already equipped with facilities for water, electricity, sewage, and sanitation. Slaughtering costs are considered about equal in Paris and in the provinces, but utilization is expected to be higher in the Paris area. According to reports published by the Paris-Rungis-La Villette management, the loss of weight of livestock when transported distances less than 250 miles is negligible compared to the cost of carcass transportation; more than 50 percent of all French slaughtering stock is within 190 miles of Paris.

The future of Les Halles is the topic of much discussion, but no firm decisions have yet been made. The area belongs to the city of Paris but is not a "protected" area; it could thus be completely razed to make way for new buildings and parks. Architect Claude Charpentier has suggested demolition only of those buildings thoroughly beyond repair and restoration of the others. He envisions an extension of the Latin Quarter, with new theaters, museums, public gardens, cafes, and restaurants. Other suggestions have included exhibition halls and parking lots. Recent French press reports indicate that the Les Halles of the future will be a mixture of many of the above facilities. —FRANK A. PADOVANO

Assistant U.S. Agricultural Attaché, Paris

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between February 18 and February 25, 1969, offer prices of wheat in Rotterdam for USSR SKS-14 wheat decreased 4 cents a bushel and Australian Prime Hard, 2 cents. U.S. Spring and U.S. Hard Winter remained unchanged. Canadian Manitoba increased 1 cent and U.S. Soft Red Winter was lowered by 3 cents.

U.S. corn prices decreased by 2 cents and Argentine increased by 2 cents. South African corn is not quoted.

Item	Feb. 25	Feb. 18	A Year Ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.02	2.01	2.01
USSR SKS-14	1.89	1.93	1.93
U.S. No. 2 Dark Northern Spring 14 percent	1.91	1.91	1.92
U.S. No. 2 Hard Winter 14 percent	1.90	1.90	1.82
Argentine	1.84	1.84	1.79
Australia Prime Hard	1.86	1.88	(1)
U.S. No. 2 Soft Red Winter	1.70	1.73	1.74
Corn:			
U.S. No. 3 Yellow Corn	1.38	1.40	1.60
Argentine Plate	1.45	1.43	1.64

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Japan's Imports of Oil Sources

Japan's imports of soybeans, rapeseed, and copra rose to record levels in 1968. Imports of cottonseed exceeded the previous year's tonnage, but imports of sunflowerseed and safflowerseed declined sharply.

JAPAN'S IMPORTS OF SPECIFIED COMMODITIES

Commodity and source	1966	1967	1968
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Soybeans: Total	2,168	2,170	2,421
United States	1,722	1,771	2,001
Communist China	393	392	417
Soybean cake and meal:			
Total	7	2	15
United States	7	2	13
Sunflowerseed: Total	3	96	71
U.S.S.R.	—	78	70
Bulgaria	—	13	—
Rapeseed: Total	211	215	250
Canada	183	196	241
Mainland China	28	19	9
Cottonseed: Total	266	216	246
Nicaragua	112	67	37
Nigeria	65	50	47
Safflowerseed: Total	148	127	63
United States	109	113	63
Copra: Total	108	112	126
Philippine, Rep. of	48	74	54
Indonesia	34	10	48

Source: *Trade of Japan.*

Soybean imports of 2.4 million metric tons (88.9 mil. bu.) were 12 percent above those of 1967. The United States accounted for 2.0 million tons (73.5 mil. bu.) or 83 percent of the total and Mainland China for most of the remainder. Purchases from the United States were particularly heavy late in 1968 in anticipation of the dock strike.

Rapeseed imports at 250,000 tons, largely from Canada, exceeded the previous year's by 16 percent. Cottonseed imports at 246,000 tons were up 14 percent, the bulk of it from Nicaragua and Nigeria. Imports of copra, largely from the Philippines and Indonesia, rose 12 percent to 126,000 tons.

Japan's imports of sunflowerseed declined to 71,000 tons compared with the record 96,000 tons in 1967. Virtually all of the seed came from the Soviet Union in 1968 whereas in 1967 over 13,000 tons came from Bulgaria and 78,000 tons from the Soviet Union.

Safflowerseed imports, virtually all from the United States, totaled 63,000 tons, only half the tonnage taken in 1967. The decline is attributed mainly to the smaller U.S. crop in 1967.

U.K. Tobacco Imports Up

The United Kingdom's imports of unmanufactured tobacco during January-November 1968 totaled 310 million pounds, 60 million more than the corresponding period of 1967.

U.K. IMPORTS OF UNMANUFACTURED TOBACCO

Source	Jan.-Nov. 1966	Jan.-Nov. 1967	Jan.-Nov. 1968
Commonwealth:	*1,000 pounds* [1]	*1,000 pounds*	*1,000 pounds*
Canada	37,412	42,641	43,993
Jamaica	858	982	853
India	29,327	50,650	52,857
Pakistan	209	1,259	8,137
Ceylon	—	530	1,366
Cyprus	—	43	273
Malawi	11,935	9,436	13,936
Tanzania	3,150	3,172	8,576
Zambia	3,463	1,900	1,131
Uganda	—	577	613
Others	[2] 16,272	114	124
Total	102,626	111,304	131,859
United States	111,359	117,626	149,971
South Africa	8,030	9,597	12,837
Angola	—	74	1,096
Thailand	516	2,455	5,240
South Korea	—	2,523	884
Taiwan	126	548	778
Japan	100	273	281
China	—	—	207
Greece	—	135	314
Turkey	—	489	44
Netherlands	3,936	3,194	3,766
Belgium	7	384	390
West Germany	1	1,530	2,333
Other foreign	[3] 4,893	351	52
Total	231,594	250,483	310,052

[1] Dry weight. [2] Rhodesia 15,206,000 pounds. [3] Irish Republic 3,374 pounds.

Tobacco Intelligence, London.

Receipts from the United States accounted for 48 percent of total imports and over one-half of the rise during those 11 months of 1968. Flue-cured leaf represents about 95 percent of the total in each year. The United States supplied 51 percent of all flue-cured leaf during this period of 1968 and about 49 percent in 1967.

Imports from Commonwealth countries reached nearly 132 million pounds, 21 million pounds more than in the same period of 1967. However, leaf from Commonwealth areas represented only 42.5 percent of the total leaf imports during the specified 11 months of 1968, compared to about 44 percent for the same period for both 1967 and 1966. In the absence of Rhodesian leaf, India has become the chief source of supply among the Commonwealth countries.

Record French Prune Crop

France reports its 1968 dried prune crop is the third consecutive record harvest. Production is currently estimated at 16,000 short tons, 16 percent above 1967 and 52 percent above the 1962-66 average. Growing season conditions were excellent through July followed by cool temperatures and rains which delayed maturity 8 to 10 days. Quality is reportedly below that of the 1967 crop.

French exports are relatively insignificant now but are being encouraged through an export subsidy. Prunes shipped to countries outside the European Common Market between September 1, 1968, and August 31, 1969, are eligible for compensation equal to the difference between a fixed reference f.o.b. price and that received by the exporter. Total 1968-69 season exports are estimated at 900 tons, 29 percent above the 1967-68 season level of 700 tons.

Current reports indicate export prices are below those of the 1967-68 season and below 1966-67 prices in the smaller sizes.

PRICES FOR FRENCH DRIED PRUNES

Size per pound	January quotations		
	1966-67	1967-68	1968-69
	Cents per pound	*Cents per pound*	*Cents per pound*
30/40	36.8	40.0	36.8
40/50	30.3	34.0	31.7
50/60	26.2	29.4	27.6
60/70	24.3	27.1	23.0
70/80	22.1	23.0	19.3
80/90	17.5	17.9	15.6

FRENCH SUPPLY AND DISTRIBUTION OF DRIED PRUNES

Item	Average	Preliminary	Forecast	
	1962-66	1966-67	1967-68	1968-69
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	1.7	3.3	3.2	3.0
Production	10.5	13.5	13.8	16.0
Imports	5.7	4.9	4.0	3.3
Total supply	17.9	21.7	21.0	22.3
Exports	.8	.8	.7	.9
Domestic disappearance	14.8	17.7	17.3	18.0
Ending stocks (Aug. 31)	2.3	3.2	3.0	3.4
Total distribution	17.9	21.7	21.0	22.3

Imports are expected to total approximately 18 percent less than the 1967-68 level of 4,000 tons. The United States is normally the major supplier of French prune imports.

Australia, South Africa Fruit Prices

London sources report 1969 opening prices for Australian and South African canned deciduous fruit are generally above those of the 1968 season in the United Kingdom. Australian prices are now quoted ex quay, or container terminal basis; South African prices remain c.i.f.

PRICES FOR SOUTH AFRICAN CANNED FRUIT

Fruit and can size	Price per dozen units c.i.f. [1]					
	Fancy		Choice		Standard	
	1968	1969	1968	1969	1968	1969
	U.S. dol.	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*
Apricot halves:						
2½	2.76	3.03	—	2.94	2.52	2.82
No. 1	1.72	1.95	1.62	1.86	1.47	1.80
8 oz.	1.17	1.30	1.14	1.28	1.11	1.24
Peach halves (Clingstone):						
2½	2.76	3.00	2.64	2.91	2.52	2.79
No. 1	1.72	1.83	1.66	1.78	1.59	1.72
8 oz.	1.14	1.28	1.11	1.24	1.08	1.22
Pears:						
2½	2.97	3.18	2.85	3.09	2.73	2.97
No. 1	1.92	2.08	1.86	2.04	1.80	1.98
8 oz.	1.20	1.30	1.17	1.28	1.14	1.24
Fruit Cocktail:						
2½	3.69	3.84	3.51	3.69	3.39	3.57
No. 1	2.31	2.44	2.22	2.37	2.16	2.31
8 oz.	—	1.59	1.38	1.54	—	1.52
Fruit Salad:						
2½	4.14	4.23	4.02	4.11	3.90	3.99
No. 1	2.46	2.58	2.40	2.52	2.34	2.46
8 oz.	—	1.65	1.44	1.62	—	1.59

[1] The following quantity discounts are allowed: 10,000 to 24,999 cases, 1 percent; 25,000 to 99,999 cases, 2½ percent; 100,000 to 749,999 cases, 3½ percent; 750,000 cases or more (fancy grade only), 5½ percent. An additional allowance of 9 cents per case is allowed on contracts made before March 31 for shipments before June 30.

PRICES FOR AUSTRALIAN CANNED FRUIT

Fruit and can size	Price per dozen units ex quay [1]					
	Fancy		Choice		Standard	
	1968 [2]	1969	1968 [2]	1969	1968 [2]	1969
	U.S. dol.	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*
Apricot halves:						
2½	3.12	3.42	2.94	3.24	2.82	3.13
No. 1	1.95	2.13	1.86	2.04	1.80	1.98
8 oz.	1.32	1.41	1.26	1.35	1.23	1.32
Peach halves (Clingstone):						
2½	2.94	3.27	2.82	3.15	2.70	3.03
No. 1	1.83	1.98	1.77	1.92	1.71	1.86
8 oz.	1.32	1.35	1.20	1.32	1.17	1.29
Pears, halves and quarters:						
2½	3.18	3.51	3.00	3.33	2.88	3.21
No. 1	2.07	2.25	1.98	2.16	1.92	2.10
8 oz.	1.32	1.41	1.20	1.35	1.23	1.32
Fruit cocktail:						
2½	3.84	4.08	3.66	3.90	3.54	3.78
No. 1	2.43	2.58	2.34	2.49	2.28	2.43
8 oz.	1.59	1.68	1.56	1.62	1.44	1.59
Fruit salad:						
2½	4.38	4.50	4.48	4.32	4.34	4.20
No. 1	2.73	2.79	2.80	2.70	2.73	2.64
8 oz.	1.80	1.80	1.82	1.74	1.78	1.71

[1] The following quantity discounts per dozen 2½'s are allowed: 25,000 to 49,999 cases, 3 cents; 50,000 to 99,999 cases, 8 cents; 100,000 to 349,999 cases, 10 cents; 350,000 cases or more, 12 cents. Proportionately smaller discounts are allowed on 11's and 8 oz. cans. [2] Quotations for 1968 are reported on a c.i.f. basis.

U.S. Livestock Trade Up in 1968

Both U.S. exports and imports of most categories of livestock and meat products in 1968 were above year-earlier levels. However, the total value of U.S. exports of all livestock and meat products fell from $459.9 million to $427.3 million, 7 percent below the 1967 level. Larger world supplies forced prices down for many categories of livestock products in 1968.

U.S. livestock and meat product imports were below last year's level for the month of December, but 1968 imports were up substantially. Total red meat imports for 1968 were up 13 percent from last year. Beef and veal accounted for most of the increase, but beef cattle prices remain well above year-earlier levels. In response to the strong demand for replacement animals, live cattle imports—primarily feeder cattle—totaled 1,039,150 head in 1968, up 38 percent from 1967.

Total U.S. red meat exports in December were more than double the level recorded in December 1967, bringing 1968 exports up 31 percent from last year. The value of U.S. red meat exports rose from $47.7 million in 1967 to $61.9 million in 1968—an increase of nearly 30 percent. December lard exports were substantially above the year-earlier level, but exports for the year were down 9 percent in volume and 24 percent in value. U.S. exports of tallow, hides and skins, and variety meats were up in 1968; however, the value of all these products was below the 1967 level. Sales of U.S. breeding cattle were off slightly in 1968.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	December		Jan.-Dec.	
	1967	1968	1967	1968
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	8,108	11,997	188,583	172,119
Tallow and greases:				
Inedible	159,589	224,799	2,220,751	2,236,592
Edible	423	731	17,067	11,175
Meats:				
Beef and veal	2,466	2,182	31,272	27,031
Pork	3,979	13,838	50,548	85,110
Lamb and mutton	312	97	1,831	1,900
Sausages:				
Canned	90	192	1,162	1,485
Except canned	231	210	2,344	2,862
Meat specialties:				
Canned	178	126	2,318	1,569
Frozen	259	99	2,389	1,766
Other canned	806	893	8,106	9,366
Total red meats [1]	8,319	17,637	99,982	131,078
Variety meats	15,497	23,827	222,317	225,596
Sausage casings:				
Hog	426	411	6,222	6,458
Other natural	159	444	4,016	4,033
Mohair	1,817	1,488	10,330	15,919
Hides and skins:				
Cattle parts	2,746	2,031	43,349	33,889
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Cattle	865	1,151	11,852	12,836
Calf	188	75	1,969	1,838
Kip	46	52	496	379
Sheep and lamb	267	245	3,757	3,946
Horse	4	5	61	76
Goat and kid	102	32	354	248
	Number	*Number*	*Number*	*Number*
Live cattle	6,587	2,653	55,322	35,725

[1] May not add due to rounding.
Bureau of the Census.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS, JANUARY-DECEMBER 1968

Commodity	December		Jan.-Dec.	
	1967	1968	1967	1968
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	312	210	4,675	9,411
Fresh and chilled	1,064	646	7,029	17,365
Boneless beef	64,943	34,157	814,634	893,935
Cuts (prepared)	79	57	1,170	1,361
Veal	908	375	14,245	18,257
Canned beef:				
Corned	5,625	14,892	85,697	101,029
Other, incl. sausage	874	2,887	12,276	16,947
Prepared and preserved	3,162	5,426	39,293	69,679
Total beef & veal [1]	76,965	58,649	979,010	1,127,983
Pork:				
Fresh and frozen	3,662	3,104	47,362	48,427
Canned:				
Hams and shoulders	23,831	18,604	210,846	227,044
Other	3,673	3,008	40,234	39,929
Cured:				
Hams and shoulders	123	212	1,762	2,211
Other	333	315	4,219	4,024
Sausage	212	294	2,480	2,485
Total pork [1]	31,835	25,537	306,903	324,118
Mutton and goat	5,178	254	54,284	62,006
Lamb	1,748	3,041	12,267	22,896
Other sausage	609	661	6,226	7,555
Other meats, n.s.p.f.	1,257	835	14,465	11,967
Total red meats [1]	117,595	88,979	1,373,157	1,556,525
Variety meats	375	278	3,509	3,802
Wool (clean basis):				
Dutiable	9,686	10,435	109,071	129,787
Duty-free	9,309	7,643	78,207	119,626
Total wool [1]	18,993	18,079	187,278	249,412
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Hides and skins:				
Cattle	39	38	233	494
Calf	45	53	481	508
Kip	21	21	357	286
Buffalo	51	31	409	492
Sheep and lamb	1,324	659	20,300	30,822
Goat and kid	392	274	7,109	5,204
Horse	44	19	210	262
Pig	113	33	1,129	744
	Number	*Number*	*Number*	*Number*
Live cattle [2]	138,894	195,846	751,835	1,039,150

[1] May not add due to rounding. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

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Farmers in Taiwan Face New Kinds of Challenges

Taiwan's agriculture has come steadily forward in recent years and is now facing the challenges that come to countries that have more goods to sell than old markets and outmoded marketing structures will handle.

With high rainfall, year-round warm weather, a possibility of up to four crops yearly, and good yield response to fertilizer application, Taiwan's crop potential has long been good, but only in recent years have methodical means to extract the utmost been employed. This is seen in a steadily expanding agricultural production, which rose even in 1968 despite the worst weather in many years. Production—including forestry and fishery—rose 4.5 percent that year as both crop and livestock output advanced. The rice crop rose to a record high of 2.5 million metric tons, and for the fourth time in the last 10 years, its rate of gain exceeded population growth. Output of vegetables, sugarcane, citrus fruits, pineapple, and cassava rose appreciably.

Hog production continued to keep pace with the population growth—no mean achievement in view of the great increase in people on the island—and numbers now total about 3.5 million head. Growth in this industry, as well as in the newly developed commercial broiler and egg industries, should insure a continued increase in demand for imported corn from the United States, Thailand, and South Africa.

The export crops

While agricultural production is on the rise, its contribution to the export market is falling sharply as result of the much more rapid industrialization and increased food needs at home. As late as 1954, industrial exports accounted for only 8 percent of total shipments, but by 1967 this figure had reached 60 percent. Still, exports of farm products have continued to increase in terms of value. They totaled $260 million in 1967 and probably rose again in 1968.

The rapid gainers among these export items have been the processed agricultural commodities. Between 1960 and 1967, total exports of canned foods jumped from US$10 million to $84 million (with $33 million in canned mushrooms and $24 million in canned asparagus).

It is doubted, however, that coming gains can match the energetic upsurge of the early sixties. Difficulties are already arising in finding enough markets for present output of all three items. With this probable saturation in mind, Taiwan will try to develop markets for new canned and frozen food items such as canned bamboo shoots, water chestnuts, and citrus fruits.

The upswing in Taiwan's banana exports has been another success story of this past decade. Shipments increased rapidly after 1963, when Japan liberalized its import regulations and Taiwan reformed its export system to allow banana producers to take over half of the trade. By 1967, bananas accounted for 10 percent of Taiwan's exports. But here again, further increases will be difficult, especially since the Japanese market—the only outlet Taiwan has been able to establish—will probably not bear further expansion.

While bananas and processed products have enjoyed rapid expansion in recent years, the big exports of the past—sugar, rice, and tea—have declined steadily in importance.

Sugar shipments, for instance, were Taiwan's principal export in the past, reaching a high of 1.3 million tons. In recent years, however, shipments have averaged only 700,000 tons. The percentage drop shows sugar's decline even better: in 1950, sugar accounted for 80 percent of Taiwan's exports; in 1960, 44 percent; by 1967, only 7 percent.

Rice exports before World War II amounted to as much as 700,000 tons and were second only to sugar in value. They have never since exceeded 265,000 tons—despite the high production achieved in recent years—and now account for only 5 or 6 percent of Taiwan's total exports. And shipping even this quantity has become difficult since the onetime major market, Japan, is now self-sufficient in rice.

Tea acreage reached a postwar peak in 1960 and then began a declining trend. Production has continued to increase because of cultural improvements, but exports since 1965 have remained at 19,000-20,000 tons.

Structural problems

Moving into 1969, Taiwan's agriculture faces three basic underlying problems in addition to export marketing. It must resolve the conflict inherent in finding agricultural employment for a growing number of people while mechanizing farming in order to increase farm incomes. It faces a tapering off in past rates of increase as further intensification becomes difficult. And its structural changes must not conflict with plans for the economy as a whole so that expanding production doesn't bring more problems than it ends.

—Based on a dispatch from NORMAN J. PETTIPAW
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